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Remarks

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ER 89-4910

Executive Secretary

6 Nov 89

Date

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United States Department of State

Washington, D.C. 20520

November 3, 1989

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UNCLASSIFIED  
(With ~~Secret~~ Attachments)

MEMORANDUM FOR BRENT SCOWCROFT  
National Security Affairs Advisor  
The White House

COLONEL GEORGE P. COLE  
Executive Secretary  
Department of Defense

MS. EMILY WALKER  
Executive Secretary  
Department of the Treasury

MR. H. LAWRENCE SANDALL  
Executive Secretary  
Central Intelligence Agency

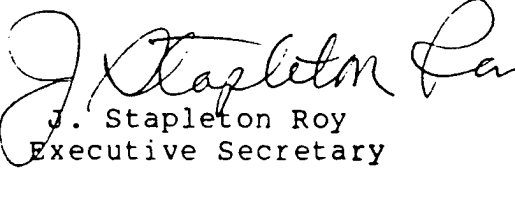
MR. GARY EDSON  
Chief of Staff  
U.S. Trade Representative

MS. PATRICIA CORKEN  
Executive Secretary  
Department of Commerce

CAPTAIN ANTHONY MANESS  
Executive Assistant to the Chairman  
Joint Chiefs of Staff

SUBJECT: PCC Meeting on Chile

Please transmit the attached Meeting Notification and Background Cable to principals of the Policy Coordinating Committee for Chile.

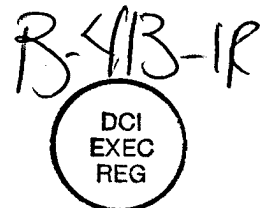
  
J. Stapleton Roy  
Executive Secretary

Attachments:

Tab 1 - Notification to meeting participants.

Tab 2 - Cable on U.S. Policy Towards Chile

UNCLASSIFIED  
(With ~~Secret~~ Attachments)





United States Department of State

Washington, D.C. 20520

SECRET  
MEMORANDUM

FROM: ARA - Bernard Aronson, Chairman, PCC on Chile *Mr for ET*

SUBJECT: PCC Meeting on Chile

The next meeting of the Policy Coordinating Committee on Chile will be held to discuss the upcoming December elections and appropriate U.S. policy responses to developments resulting from the transition to democracy in Chile. Ambassador Gillespie will participate in the meeting. A discussion paper will be transmitted to invitees prior to the meeting.

DATE: November *4*, 1989

TIME: 2:30 P.M.

LOCATION: ARA Conference Room, 6909

AGENDA:

- |                                   |          |
|-----------------------------------|----------|
| I. Introduction                   | Chairman |
| II. Recent Chile Developments     | State    |
| III. Discussion of Policy Options | All      |
| IV. Summary and Recommendations   | Chairman |

Principals plus one are invited to attend the meeting. Participants should phone their attendance plans to Mr. Keith C. Smith, Director, ARA/Southern Cone, at 647-2407.

DISTRIBUTION: Mr. Richard Brown, Deputy Assistant Secretary, DOD/ISA/ALA  
Mr. Charles Dallara, Assistant Secretary of Treasury for International Affairs  
✓ Mr. John Allen, Director of African and Latin American Analysis, CIA  
Mr. James Murphy, Assistant USTR for Latin America  
Ms. Ann Hughes, Deputy Assistant Secretary of Commerce, International Economic Policy  
General Howard Graves, Joint Chiefs of Staff  
Mr. William Pryce, Acting Senior Director for Latin America, National Security Council

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# Department of State

INCOMING  
TELEGRAM

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ACTION ARA-00

ACTION OFFICE PMO-01  
INFO FILE-01 00-01 OCT-01 ARA-05 PPC-01 ECP-01 OAS-01 PPA-01  
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SECDEF WASHDC  
USCINCSO QUARF HEIGHTS  
USCINCLANT NORFOLK

S E C R E T SANTIAGO 10230

USCINCSO AND CINCLANT FOR POLADS

E.O. 12356: DECL: OADR  
TAGS: PREL, PGOV, AMGT, CI  
SUBJ: CHILE: CHALLENGES AND OPPORTUNITIES FOR  
- U.S. POLICY

REF: SANTIAGO 3196

1. SECRET - ENTIRE TEXT.

INTRODUCTION

2. AS A FIRST STEP IN PREPARING GOALS AND WORK-  
PLANS FOR FY-90, THE AMBASSADOR CHAIRED A MEETING  
OF THE COUNTRY TEAM TO DISCUSS THE CHANGES THAT  
HAVE OCCURRED DURING THE PAST YEAR AND THE  
CONTEXT FOR UNITED STATES POLICY IN THE COMING  
YEAR. WHILE THERE WERE SOME DIFFERENCES IN  
PERSPECTIVE (REFLECTIVE IN PART OF FUNCTIONAL  
OR BUREAUCRATIC PRIORITIES), WE ACHIEVED SUBSTANTIAL  
CONSENSUS ON THE KEY ISSUES BEFORE US AND NOW  
WE SHOULD PROCEED TO PROMOTE MOST EFFECTIVELY  
THE U.S. INTERESTS AT STAKE. THE FOLLOWING  
PARAGRAPHS DRAW FROM AND ELABORATE ON OUR  
THINKING, AND ARE A BACKDROP FOR THE AMBASSADOR'S  
WASHINGTON CONSULTATIONS AND THE ACTUAL GOALS  
AND WORKPLANS WHICH WILL BE SENT SEPT.

SETTING THE SCENE

3. SELF-RIGHTEOUS AND PROUD, PINOCHET, THE CHILEAN  
ARMED FORCES AND THEIR CIVILIAN ALLIES ARE TRYING  
TO ACHIEVE A STRATEGIC WITHDRAWAL AS THEY PREPARE  
TO YIELD THE GOVERNMENTAL POWER THEY HAVE HELD  
FOR MORE THAN 16 YEARS. THE PRESIDENTIAL AND  
CONGRESSIONAL ELECTIONS SCHEDULED FOR DECEMBER 14  
APPEAR SOLIDLY ON TRACK, AND THE PROSPECT OF A  
FREELY ELECTED DEMOCRATIC GOVERNMENT ASSUMING OFFICE  
ON MARCH 11, 1990 IS BRIGHT. IF CURRENT PROJECTIONS  
HOLD, AS SEEMS LIKELY, THE NEW PRESIDENT WILL  
BE "CONSERVATIVE" CHRISTIAN DEMOCRAT AND CENTER-

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LEFT COALITION LEADER PATRICIO AYLWIN. A CAREFUL  
CONSENSUS-BUILDER, HIS MAIN CHALLENGE WILL BE  
TO KEEP THE 17-PARTY "CONCERTACION" IN LINE WHILE  
STRIVING TO ACHIEVE A WORKABLE RELATIONSHIP WITH  
THE MILITARY THAT WILL ENABLE HIM TO LEAD CHILE  
EFFECTIVELY. OUR CHALLENGE WILL BE TO FIND WAYS  
TO SUPPORT THE NEW DEMOCRATIC GOVERNMENT AS WE  
CONTINUE TO PURSUE A JUST RESOLUTION OF THE 1976  
LETTELIER-MOFFITT MURDER--THE PRINCIPAL OBSTACLE  
TO FULLY DEVELOPED BILATERAL TIES IN THE POST-  
PINOCHET PERIOD.

4. UNDERPINNING THESE CHALLENGES IS THE NEED  
TO SUSTAIN AND CONSOLIDATE THE IMPRESSIVE ECONOMIC  
STRIDES CHILE HAS MADE IN THE LAST HALF-DOZEN YEARS.  
THE CENTRAL QUESTION--AND ONE WITH WIDE-RANGING  
IMPLICATIONS FOR THE HEMISPHERE--IS WHETHER  
DEMOCRACY CAN CONTINUE TO DELIVER THE ECONOMIC  
GOODS. AYLWIN AND EVEN SOCIALIST ELEMENTS OF  
HIS COALITION APPEAR TO UNDERSTAND THE IMPORTANCE  
OF THIS ISSUE. WHAT IS UNCLEAR IS TO WHAT DEGREE  
THEY WILL BE ABLE TO PRESERVE THE ECONOMIC MODEL  
WHILE ALSO ADDRESSING LONG PENT-UP SOCIAL DEMANDS.

5. THE UNITED STATES, IN PRESSING FOR THE RETENTION  
OF THE BASIC ELEMENTS OF THE CURRENT ECONOMIC ORDER,  
MUST AVOID THE APPEARANCE OF BEING INSENSITIVE TO THE  
PLIGHT OF THE POOR AND OF REFUSING TO RECOGNIZE WHAT  
CHILEANS VIEW AS JUSTIFIED INCREASES IN STATE-FUNDED  
SOCIAL SERVICES. EXTREMISTS ON THE LEFT WILL BE QUICK  
TO EXPLOIT THE SITUATION IF THE FLEDGLING DEMOCRACY  
IS UNABLE OR UNWILLING TO FURNISH LOWER-INCOME GROUPS  
SOME RELIEF, ESPECIALLY IN PUBLIC HEALTH AND EDUCATION,  
WHERE SUPPORT WAS DRASTICALLY CUT DURING THE PINOCHET  
YEARS. THERE IS BROAD CONSENSUS ACROSS THE POLITICAL  
SPECTRUM THAT INCREASED OUTLAYS IN THESE TWO AREAS ARE  
NECESSARY, INDEED INEVITABLE, UNDER CIVILIAN GOVERNMENT.  
LIKE AYLWIN, FERNAN BUCHI, THE CENTER-RIGHT PRESIDENTIAL  
CANDIDATE AND THE ARCHITECT OF CHILE'S SUCCESSFUL  
FREE-MARKET ECONOMY, HAS PROVIDED FOR SUCH FUNDING IN  
HIS CAMPAIGN PLATFORM. OUR OBJECTIVE SHOULD BE TO  
PRESERVE OUR INFLUENCE WITH THE NEW GOVERNMENT BY  
BACKING EFFECTIVE, RESULTS-ORIENTED SOCIAL POLICIES  
AND PROGRAMS WHICH ARE CONSISTENT WITH CONTINUED  
ECONOMIC DEVELOPMENT RATHER THAN A RETURN TO WILFUL  
POPULISM.

DEALING WITH THE MILITARY GOVERNMENT

6. TO MEET THE CHALLENGES DESCRIBED ABOVE WE WILL  
HAVE TO ACT CAREFULLY. WE MUST NOT DEVIATE FROM OUR  
COOL BUT CORRECT APPROACH TO RELATIONS WITH THE PINOCHET  
GOVERNMENT DURING ITS FINAL MONTHS. STROKING OF  
OTHERWISE BEING PERCEIVED TO BE REACHING OUT TO THE  
JUNTA WOULD EXACT A HIGH COST, FOR NO GAIN, NOT  
ONLY HERE BUT IN THE U.S. CONGRESS, WHERE BIPARTISAN  
SUPPORT FOR OUR POLICY TOWARD CHILE STILL PERTAINS.  
OUR ATTITUDE SHOULD BE ONE OF ENCOURAGEMENT FOR THE  
PROGRESS TOWARD DEMOCRACY AND IMPROVEMENTS IN HUMAN  
RIGHTS THAT ARE BEING REGISTERED, WHILE AVOIDING ANY  
APPEARANCE OF A WARNING IN BILATERAL TIES.

PREPARING FOR THE RETURN OF DEMOCRACY

7. IT IS EXTREMELY UNLIKELY AT THIS POINT THAT  
CENTER-RIGHT CANDIDATE FERNAN BUCHI OR "CENTER-  
CENTER" SPOILER FRANCISCO JAVIER ERRAZURIZ WILL  
BE ABLE TO ENGINEER THE DEFEAT OF AYLWIN AND HIS

SECRET

*Department of State*INCOMING  
TELEGRAM

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BROAD COALITION. WHILE BEING SCRUPULOUSLY EVEN-  
HANDED IN OUR CONDUCT, WE MUST AT THE SAME TIME  
PLACE PRIORITY EMPHASIS ON THE QUALITY OF OUR  
DIALOGUE WITH THE AYLWIN CAMP. IN THE RUNUP  
TO THE ELECTIONS, AS NOTED SEPTELS, AYLWIN IS  
SENDING HIS THREE KEY ADVISERS TO THE U.S. POLITICAL  
INTIMATES ENRIQUE ARAUSO AND GEMERO ARRIAGADA  
WILL BE IN WASHINGTON OCTOBER 16-17, AND TOP  
ECONOMIC AIDE ALEJANDRO FOXLEY WILL FOLLOW OCTOBER  
30 - NOVEMBER 1. IN ADDITION, AYLWIN HAS TOLD US  
THAT EDMUNDO VARGAS, A MEMBER OF THE PERMANENT  
STAFF AT THE DAS, SHOULD BE CONSIDERED HIS DESIGNATED  
POINT OF CONTACT ON THE LETELIER-MOFFITT ISSUE.  
IT IS IMPORTANT THAT WE MAKE THE BEST POSSIBLE  
USE OF THESE INTERLOCUTORS. THEY ARE SENSITIVE  
LISTENERS. THEIR ACCESS TO AYLWIN IS DIRECT AND  
IMMEDIATE. THEY HAVE INFLUENCE. WE SHOULD MAKE  
SURE THEY HAVE NO ILLUSIONS ABOUT WHAT CAN BE  
EXPECTED OF US AFTER MARCH 11--AND WHAT WE WILL  
BE EXPECTING OF THE NEW DEMOCRATIC GOVERNMENT.

8. FINALLY, WE SHOULD NOW FOCUS SHARPLY ON WHAT  
PROGRAMMATIC SUPPORT WE CAN PROVIDE TO CHILE AFTER  
MARCH 11. THIS UNDERTAKING WILL REQUIRE A NEW  
LEVEL OF DIALOGUE WITHIN THE ADMINISTRATION AND  
WITH THE CONGRESS. WE HAVE BEEN PERCEIVED BY MANY  
CHILEANS AS HAVING DONE NOTHING TO HELP THE COUNTRY  
OVER THE PAST 16 YEARS. IF WE ARE TO INFLUENCE  
EVENTS IN THE POST-PINCHET ERA, WE MUST CHANGE  
THAT PERCEPTION BY BEING PREPARED TO PROVIDE  
TANGIBLE HELP. GILLESPIE